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WHY ARE MY HEALTH INSURANCE COSTS SO HIGH?

1. The evolution of simple catastrophic protection to all-inclusive, "first dollar" insurance has eliminated consumer pressure on cost of services, and caused over-utilization of health care by our population.

2. Medical technology advances have accelerated costs, but technological advances in many industries have not resulted in the same double digit price increases.

3. Our overly litigious society increases liability and malpractice insurance costs.

4. Medicare reimbursement rates of 50-60% of hospital/physician actual costs and treatment of the uninsured causes shifting of these losses to employer group plans.

5. Fraud, and the relatively passive investigation and prosecution of white-collar health insurance fraud, adds billions of dollars to annual U.S. health costs.

6. Prescription drug costs rapidly escalated due to the marketing and purchase of Rx co-pay plans, $15 billion annual drug advertising costs, and irresponsible consumers.

7. Our aging population causes higher utilization of health services, but "you ain't seen nothing yet." The baby boomers are coming!

8. Government has mandated costly benefits at the state and federal level, often due to the lobbying of self-serving special interest groups.

9. "Managed Care" has often become managed money-making schemes for those owning and marketing these programs.

10. The more sedentary lifestyle of the U.S. population and lack of effective incentives to maintain "healthy lifestyles" has increased preventable illnesses. (10-20-20-50)

11. We've created social, ethical, moral and political correctness pressures to create life and prolong life well beyond nature's intentions. Employers pay catastrophic claims.

12. Too many insurance companies, hospitals and clinics, drug companies, "managed care" companies, attorneys, etc. are making big dollars off the health system. This prevents cooperative, effective efforts to do what's right to correct the problem.

13. Per January, 2002, The Wall Street Journal Report: "By far, the single most reason health costs have risen dramatically in the 1990's and into 2002 is that employers have been unwilling to pass on more of the cost to employees. Employers must give employees a real financial incentive to look for lower cost health care providers," and reduce unnecessary usage of medical services.

SOME BOLD SOLUTIONS, BRIEFLY

We believe national health insurance is not the solution to today's health insurance problems. We recommend that health insurance continues to be administered and marketed through the private insurance industry, but the private marketplace has failed miserably to control costs. We need effective government involvement to repair and better monitor the private health system. State and federal legislators need to pass laws and take more initiative to be part of the solution: The following numbers correspond to the previous page "Why Are My Health Insurance Costs So High?" They represent ways to **attack root causes**, rather than continue the bandaid approaches of the past.

1. Restore consumerism by eliminating all plan designs that include 100% initial benefits, fixed dollar co-pays and virtually no out-of-pocket costs to consumers. Streamline the system by offering a limited number of simple, sound, cost-sharing plans. For example, health insurance companies could be required to offer only the following group and individual plans: All other policies would be eliminated.

    A. After $100 annual deductible, the plan pays 80% of the next $5,000 of all covered charges, then 100% to $1 million. ($1,100 max out-of-pocket per year)
    B. $250 deductible, 80% of next $7,500($1,250 max. o.o.p.)
    C. $500 deductible, 80% of next $10,000 ($2,500 max. o.o.p.)
    D. $1,000 deductible, 80% of next $15,000 ($4,000 max. o.o.p.)
    E. $2,500 deductible, 80% of next $20,000 ($6,500 max. o.o.p.)
    F. $5,000 deductible, 80% of next $25,000 ($10,000 max. o.o.p.)
    G. $10,000 deductible, 80% of next $30,000 ($16,000 max. o.o.p.)

    The current standard health policy limitations and exclusions would be reviewed and incorporated, keeping in mind that insurance is supposed to provide protection against catastrophic loss. The above choices provide adequate, varying degrees of choices for protection, and inject consumer pressure back into the health care system. Plans A, B & C offer the basic core benefits already being offered in the marketplace, without the bells and whistles that have generated hundreds of confusing variations of these basic plans. Plans E, F & G could be used for the "medical savings account" and "defined compensation" type programs now being introduced.

2. Technology costs are listed more as an overused excuse, but it is also a problem. Regional hospitals and clinics need to better cooperate to prevent unnecessary duplication of high priced equipment.

3. Malpractice insurance has become a crisis in many states, where some physicians must pay over $100,000 per year for liability insurance. All of these costs are ultimately passed on to the purchasers of health insurance. Wisconsin is in better shape than many states, but even more aggressive tort reform needs to occur on state and/or federal levels. Inappropriate lawsuits and rewards must be stopped. Physicians are among the brightest, most educated people in our society. But they are not perfect and medicine is not a perfect science. The legal system needs to protect the medical system, not exploit it.

4. The government and politicians looking for votes from the elderly need to stop shifting significant costs to individuals and employers living in communities where health providers treat a growing population of Medicare patients. All licensed providers of health care should be required to accept Medicare patients, and reimbursement rates need to be closer to actual costs of providing care. The disparity among states must also be corrected. Wisconsin health providers are reimbursed at levels lower than 44 states. Politicians from heavily populated states getting high level reimbursements have out-voted congressmen from less populated states fighting for a fair system. Purchasers of health insurance in Wisconsin and a handful of other states get stuck paying for these excessive shortfalls.

5. Accelerate the investigation and prosecution of health care fraud. The government has pledged to prosecute and imprison corporate officials whose unethical and criminal practices have shaken the financial world and individual savings of Americans. (i.e., Enron, World Com, Anderson, etc.) It's time to include the health care industry. Slaps on the wrist and fines are not enough.

6. Ban prescription plans that have fixed dollar co-pays. The introduction and proliferation of drug cards with $5 and $10 co-pays over the past 10 years has removed consumerism from drug purchasing and costs have obviously skyrocketed. Who cares or even asks what a drug costs if they pay only $10, whether the cost is $50 or $500? All drugs should involve at least a 20% co-pay. The resulting questioning and shopping by our population will help control future drug costs for all citizens, including our senior citizens. Implementation of the standardized plans discussed in No. 1 will resolve this problem.

   Ban or severely curtail direct-to-consumer drug advertising, just as we have done with tobacco and alcohol, for the good of the public interest. Here is just one example of many scenarios that must be curtailed: (According to a May 28, 2002 ABC news report "Pills, Profit and Public Health".) Celebrex and Vioxx are two pain relievers being heavily prescribed by doctors and consumed by Americans, following massive advertising campaigns by their manufacturers, Pharmacia and Merck, over the past two years. In the year 2000, Merck spent $160 million in advertising for Vioxx alone. The average cost of one prescription is $80. The disturbing news: it has been proven no more effective than Advil (Ibuprofen), which costs less than $10. Those of us paying for health insurance ultimately

paid the $160 million advertising costs, plus billions of dollars for doctor visits to get the prescription, and billions more for the actual cost of the drugs (2001 Celebrex sales totaled $3.1 billion) costing 800% more than over-the-counter products! (Nike's entire 2000 advertising costs were $78.2 million.)

Some admirable clinics and physicians (including a major Seattle clinic) refuse to prescribe Celebrex, Vioxx and many other new drugs not proven more effective or with less side affects. All physicians must be better watchdogs and prescribers of appropriate drugs! Perhaps a more effective approval process, incorporating the FDA and a physicians group, could incorporate the same philosophy as the Seattle clinic?

7. An aging population is a legitimate reason for escalating costs, and there is no solution to discuss. However, with an aging population and approaching baby boomer medical costs on the horizon, the alarm to act now should be loud and clear.

8. All mandated benefits should be objectively reviewed and possibly repealed where appropriate. Why should employers be forced to add benefits that don't fall under the purpose of insurance, to provide protection against catastrophic loss? An estimated 43% of small group employers (2 to 10 employees) no longer offer health insurance, because it is too expensive. Mandating unnecessary benefits doesn't help the situation. Let employees pay more of these costs under flexible spending accounts, which are already common among most employers.

9. Ban all Preferred Provider Organizations(PPO's). Part of our organization (Community Employers Health Alliance) vision statement states "Encourage provider members to eliminate their multiple pricing/discounting arrangements that merely provide artificial savings to employers while increasing overall costs to the community (i.e., PPO access fees, higher provider administration costs, cost shifting).

   As one Wisconsin hospital administrator recently stated: "PPO's are nothing more than legalized pyramid schemes." We agree. Hospitals and clinics raise fees to cover the negotiated discounts and employers pay PPO's millions of dollars monthly in "access fees" to get discounts that have not reduced net costs to employers. Ultimately only the people on top of the pyramid collecting access fees come out ahead. Everyone else generally loses. Many hospitals and physicians now feel trapped. They realize the current PPO marketplace makes no sense and adds to their (our) costs. They want to cancel their PPO contracts and this flawed system, but not unless their competition does also, for fear of losing business. Employers and individuals are in the same predicament. If they don't participate in these bogus discount programs, they lose even more money. Government legislation is the answer. Administrative costs will decrease and freedom of choice of providers will be restored, which is an important part of effective consumerism – shopping for the most cost effective care providers.

10. Approve/encourage/implement "healthy lifestyles" rewards programs to effectively (financially) motivate individuals to take better care of themselves to reduce their own and our collective health costs. Approximately 50% of health costs are attributed to unhealthy lifestyles and preventable diseases and accidents. (Refer to sample employee letter and healthy lifestyle certification forms.) We all know that avoiding tobacco products, drinking alcohol only in moderation, maintaining proper weight and exercising regularly are frequently encouraged in the media and at work. Unfortunately, health messages have been largely ineffective in changing behaviors of the majority who need to modify behaviors. It is time to empower the individual and make reward programs commonplace. Those who are not motivated to participate, who generate more health costs for all of us, need to begin paying more of their fair share of those preventable costs. HIPAA regulations need to support employer and insurance company attempts to reward healthy lifestyles.

11. This is a touchy subject, but we have to continue to ask ourselves what we can afford and when "enough is enough". Why are all of us paying for insurance policies that pay for very expensive fertility treatments that often result in $100,000 to $1 million dollar multiple births and severely premature baby claims, when adoption is available? Fertility costs should be an individual responsibility. Why do we humanely make sure that our pets not suffer, but humans often die with no dignity and in pain, lying terminally ill for weeks, generating catastrophic medical bills, all against their wishes? "Living wills" or "health-care directives" must become the norm. Surveys indicate only 20% of Americans have living wills. Forms should be distributed at the physician office level and submitted to a national data bank, the U.S. Living Wills Registry's website, www.uslivingwillregistry.com

12. Attorneys, drug companies and managed care companies have already been discussed. Insurance companies, hospitals and clinics also need to do a better job controlling costs, but legislation is needed to help them control costs and limit self-serving expenditures.

    Insurance companies have collectively created a costly and confusing administrative monster over the past 30 years. In Wisconsin alone, there are hundreds of approved group health policies and hundreds of individual health policies. There is absolutely no need for hundreds of policies that basically boil down close to the 7 plans listed in No. 1 above. If there were only a handful of standardized, simplified health plans available, the following benefits and cost savings would be realized:

a. Reduced insurance sales forces, currently used to shop, explain and compare various plans, and compensated for continually taking customers away from each other. (There are currently 42,411 Wisconsin licensed health agents!)
b. Reduced need for contract analysts, underwriters, claims examiners, etc.
c. Ability for employers and individuals to better understand benefits, compare costs and easily purchase benefits via websites of various companies. Only quality of service would need to be compared.

Employers must be better protected against large, unpredictable rate increases based on a few catastrophic claims. The insurance industry should modify reinsurance contracts and "pooling" levels to better spread risk among its entire book of business, and reduce individual group experience rating.

Hospitals, in general, have kept rate increases to a relatively reasonable 6% over the past 15 years, but many can do better. Everyone needs to remember that the vast majority of hospital and clinic expenditures are ultimately paid by the area employers providing group health coverage to their employees and individual purchasers of health insurance. Employers, therefore, should be more involved in how their money is spent. Legislators should consider establishing regional hospital and clinic review boards composed of area hospital/clinic directors, and at least a 50% makeup of area employer representatives. They would have authority to annually review and approve hospital and clinic major expenditures, including construction, high-tech equipment, advertising and physician recruiting. They could be appointed by the governor. The several hospitals and clinics within each geographic region would be encouraged/directed to work together to reduce unnecessary capacity, duplication of services and costly competitive marketing. Cooperating hospitals and clinics versus competing hospitals and clinics will better serve the public interest and reduce costs.

13. No. 1 above and No. 13 are basically addressing the same problem. Employers have moved too slowly to give employees more responsibility for their health costs. Many private employers, especially small employers, have been continually modifying coverage, but they have also felt forced to hold back to compete with fellow employers to attract employees.

In comparison to public employers, private employers have done more than their share to control costs. The State of Wisconsin, by far the state's largest employer with 150,000 employees, has done a very poor job of passing on more of the cost increases to employees. So have most counties, municipalities and school districts. "Rolls Royce" plans, at little or no cost to the employees, are still the public sector norm. State legislators could send an immediate, positive health cost message to all Wisconsin residents by offering state employees a choice of plan A, B or C listed in No. 1. (with only Plan C offered at no premium contribution). All other local government employees could be required to follow

suit. Salaries could be increased to compensate employees for a portion of increased "out-of-pocket" health expense. The result would be to transform almost 1 million Wisconsin public employees and dependents from relatively unconcerned health care users into 1 million additional concerned consumers helping put significant additional cost pressures on the health care system. (On a separate but related subject, this action would also help put a major dent in an upcoming $2.8 billion budget deficit crisis that was not properly addressed in July, 2002, in the opinion of most Wisconsinites.)

In conclusion, there are other reasons why health care costs are out of control, but addressing the above issues with "back to basics" solutions would go a long way towards solving a major problem for American employers and individuals. We need a group of legislators who have the interest, determination and talent to help fix a broken system. The usual disgusting mix of partisan politics, lobbyists and other special interest groups should not be allowed to derail reform efforts. Americans deserve better. Wisconsin has always been a progressive state. Let's be progressive in solving the health care crisis. With Tommy Thompson holding the position of U.S. Secretary of Health and Human Services, the time is right to make a sincere Wisconsin effort.

Bob Hogseth Rich Johnson
CEHA Co-Chairs
Chippewa Falls, WI
September, 2002

COMMUNITY

EMPLOYERS

HEALTH

ALLIANCE

CEHA

STUDY TOUTS COOPERATION

"Employers and providers will become trapped in a cycle of mutual suspicion and ever-rising health care expenses unless they form long-term "partnerships" to elevate quality and stabilize prices over several years. Rising prices can be minimized through close, rational cooperation with health care providers.

Without long-term, cooperative partnerships, employers and providers tend to engage in shortsighted strategies that ultimately drive up prices for the whole market. Employers may change providers, shift costs to employees or reduce health benefits. Providers, in contrast, tend to raise prices, shift costs to plan sponsors or reduce services. Both parties think they can stick it to the other, but it's a zero-sum game. Both parties need each other. There's a pressing need for both parties to be talking to each other."

Ref. - Washington Business Group on Health/Watson Wyatt Worldwide 1998 Survey.
Business Insurance, March 9, 1998.

COMMUNITY EMPLOYERS HEALTH ALLIANCE

VISION STATEMENT

The employers and health care providers who are members of the Community Employers Health Alliance share the following vision for the community's health care delivery and financing system:

1. Encourage major local employers and health care providers to work together to continuously improve the quality and efficiency of the community's health services.

2. Maximize collaboration and interaction among employers and providers through ongoing alliance meetings, hosted by members on a rotating basis.

3. Provide employees / patients with a high level of quality health care in the region.

4. Encourage employee / patient responsibility and informed choice regarding their health care.

5. Continually develop and reward health promotion and wellness activities.

6. Encourage and reward responsible cost management by individual providers, across provider organizations and by employee / patients.

7. Maximize the percentage of dollars that are used for direct patient care activities and minimize percentage of dollars which support administrative services, duplicative overhead and unnecessary capacity.

8. Target the growth in health care expenditures for the alliance members to the general rate of inflation in the economy.

9. Encourage provider members to eliminate their multiple pricing/discounting arrangements that merely provide artificial savings to employers while increasing overall costs to the community (i.e. PPO access fees, higher provider administration costs, cost shifting)

10. Provide employees / patients with plan designs that offer affordable, local access and choice of high quality providers.

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Employer Members: (1/02)	Main Locations	Approx. Ins. Employees	Eff. Date	Employer Group No.
Mason Shoe Company	Chippewa Falls	510	9/95	74156
Chippewa Falls School District	Chippewa Falls	320	9/95	70845
Heyde Companies	Chippewa/Eau Claire	225	10/95	78111
City of Chippewa Falls	Chippewa Falls	180	12/95	SFP 440
Bauer Built, Inc.	Durand	415	12/95	72006
Marten Transport	Mondovi	1,750	1/96	SFP 425
Midwest Dental	Mondovi	160	6/96	SFP 560
Phillips Plastics	Eau Claire/Phillips	1,550	7/96	SFP 435
Lakeview Medical Center	Rice Lake	235	4/96	SFP 555
Johnson Truck Bodies	Rice Lake	300	7/96	90010
Chippewa Valley Hospital	Durand	80	8/96	52000
SIG Holding USA/Doboy	New Richmond	680	1/98	10623 - CBSA
Ayres Associates	Eau Claire	400	1/99	72100
Honeywell	Chippewa Falls	1,100	1/01	10688 - CBSA
Extrusion Die, Inc.	Chippewa Falls	200	1/01	10707 - CBSA
Citizens State Bank	Cadott/Chippewa Falls	50	1/01	10710 - CBSA
Eau Claire Press Co.	Eau Claire	205	2/01	SFP 720
Abbyland Foods, Inc.	Abbottsford	250	11/01	SFP 760
City of Rice Lake	Rice Lake	150	1/02	92300
		8,750	(Plus 15,000 dependents)	

Health Plan Administrators & Data Providers

First Administrators (Wellmark), Des Moines
Select Benefit Administrators, West Des Moines, IA
Corporate Benefit Services of America, Minnetonka, MN

For more information, please contact Alliance Co-Chairs, Bob Hogseth at (715) 382-4841 or Rich Johnson, Mason Shoe Co., at (715) 720-4212.

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Alliance Preferred Providers: As of January 1, 2002

(These health care providers have agreed to discount their billed charges and/or not balance bill patients for charges beyond UCR guidelines. More importantly, they participate in the alliance meetings as provider members to discuss ways to work directly with local employers to control costs and maintain high quality care.)

Hospitals

St. Joseph's Hospital - Chippewa Falls
Sacred Heart Hospital - Eau Claire
Oak Leaf Surgical Hospital – Eau Claire
St. Joseph's Hospital – Marshfield
Lakeview Medical Center - Rice Lake
Holy Family Hospital - New Richmond
Hudson Medical Center – Hudson
St. Vincent's Hospital - Green Bay
St. Mary's Hospital - Green Bay
Chippewa Valley Hospital – Durand
Baldwin Hospital
Regions Hospital - St. Paul
United Hospital - St. Paul
Abbott Northwestern Hospital - Minneapolis
Children's Hospitals – St. Paul & Minneapolis
St. Elizabeth Hospital - Appleton
Calumet Medical Center - Chilton
Eagle River Memorial – Eagle River
Memorial Health Center - Medford
Mercy Medical Center - Oshkosh
Flambeau Hospital – Park Falls
St. Mary's Hospital - Rhinelander
River Falls Area Hospital – River Falls
Victory Medical Center - Stanley
St. Michael's Hospital – Stevens Point
Door County Memorial – Sturgeon Bay
Sacred Heart Hospital - Tomahawk
Howard Young Medical Center - Woodruff
St. Elizabeth Hospital - Wabasha
Memorial Medical Center - Neillsville

Other Providers Available: Employers offer freedom of choice of all local and national doctors and hospitals, but there are no pre-negotiated discounts or UCR guarantees.

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Alliance Preferred Providers: As of January 1, 2002

(These health care providers have agreed to discount their billed charges and/or not balance bill patients for charges beyond UCR guidelines. More importantly, they participate in the alliance meetings as provider members to discuss ways to work directly with local employers to control costs and maintain high quality care.)

Clinics

Marshfield Clinic - All Locations
Medford Clinic
Family Health Assoc. - Chippewa Falls
Hudson Physicians, Inc.
New Richmond Clinic
River Falls Medical Clinic
Baldwin Clinic
Family Medicine Clinic - Eau Claire
Wausau Medical Center
Eau Claire Surgery Center
HealthPartners Medical Group - St. Paul
Children's Clinics – St. Paul/Minneapolis
Cadott Medical Center
Affinity Medical Group – All Locations

Oak Leaf Medical Network, including;
- Eau Claire Anesthesiologists
- Chippewa Valley Eye Clinic
- Chippewa Valley Emergency Care
- Chippewa Valley Orthopedics
- Medical X-Ray Consultants
- Pathology Service Corporation
- Durand Medical Clinic

Diagnostic Radiology Assoc. – Rice Lake
Ministry Medical Group, including;
- Rice Medical Center
- Rhinelander Regional Medical Group
- Victory Medical Group

Other miscellaneous health providers:

Chippewa Valley Physical Therapy
L.E. Phillips Treatment Center
Northwoods Therapy Associates

Other significant discounts are available for alliance members, through:

Life Trac Organ Transplant and Tertiary Care Network
- Includes Mayo Clinic (Rochester), University of Wisconsin and University of Minnesota Hospitals

Prescription Drug Discount Card Programs

Other Providers Available: Employers offer freedom of choice of all local and national doctors and hospitals, but there are no pre-negotiated discounts or UCR guarantees.

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Criteria for Employer Participation

1. Participating employers should have considerable community influence and generally employ more than 50 people. (Smaller employers will benefit from the efforts of the major employers representing their community.)

2. Participating representatives of employers should have a demonstrable commitment and genuine interest in the welfare of the community where they are located.

3. Participating employers should be willing to participate actively in the alliance, including meetings, data collection and other activities.*

4. Participating employers should understand and endorse the vision statement for the alliance.

5. Participating employers should be partially self-insured or be interested in moving to a self-insured arrangement, where meaningful data is more readily provided.

6. Participating employers should be willing to eventually work through one of the alliance's designated third party administrators to build a common database, benefit from more objective and efficient processing of claims, and help streamline provider administrative costs.

7. Participating employers should be willing to promote the alliance health plan providers as a distinctly preferred option for their employees, with occasional employee communication pieces and plan design incentives.

8. Participating employers should be willing to offer a health plan for their employees that encourages consumerism and healthy lifestyles.

* **For a period of twelve (12) months an employer who is giving consideration to joining the alliance may be granted "Associate" status within the alliance, provided they meet or intend to meet the above criteria for employer participation. They may attend meetings and receive copies of the minutes, but negotiated discounts, fee schedules, and other alliance programs are not available to Associate members.**

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Criteria for Provider Participation

Participating providers should:

1. Understand and endorse the vision statement for the alliance and be approved by current alliance participants.

2. Add value to the network, in terms of geography, special services or needed capacity.

3. Have a track record of cost efficiency, while providing high quality care.

4. Be willing to participate actively in alliance and network activities including meetings, data collection efforts, wellness promotion and other activities.

5. Be willing to make a commitment to the network, such that the other providers in the network are viewed as strategic partners across a broad range of potential activities.

6. Be willing to continually accept input and ideas from alliance employers and other providers on how to operate more efficiently.

7. Strive to provide equality in both care and charges for all patients.

8. Work within the general financial structure utilized for network providers, which strives to avoid cost shifting and eliminate balance billing of patients for charges beyond national UCR standards.

9. Offer pricing arrangements to CEHA employers that are at least equal to those given to PPO's being marketed to area employers. (i.e. AHC, WPPN, Preferred One, etc.)

COMMUNITY EMPLOYERS HEALTH ALLIANCE

Focus Areas/Committees

1. **Employer & Provider Recruitment & Retention**

   Primary focus will be to develop relationships with major employers and health providers in Northwestern Wisconsin, based on CEHA's participation criteria.

2. **Data Collection/Analysis**

   - claims experience by employer
   - plan design comparisons
   - provider charge profiles
   - benchmark data

3. **Wellness/Health Promotion**

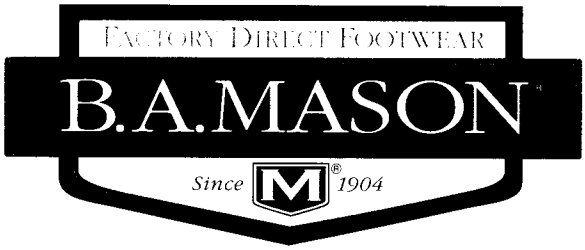
   - analyze employer's programs
   - identify needs
   - cost benefit analysis
   - develop employee participation incentives
   - promote community wide projects

4. **Alliance Provider Negotiations/Relationships**

   - desired payment model (i.e. discount, capitation, UCR, etc.)
   - employee steerage incentives
   - elimination of "balance billing" employees/patients
   - elimination of PPO cost shifting practices

5. **Guest Speakers**

   All employer and health provider members are encouraged to recommend speakers or topics that might be of interest to the majority of our members. Contact either CEHA Co-Chair to discuss and schedule program speakers.



Healthy Lifestyle Program
Sample Announcement Letter

Dear Employees:

We all realize that health insurance costs have become a major concern to virtually every American. All employers providing health insurance benefits face a continual struggle to control cost increases. A growing national movement to address this issue is to "empower" the individual employee to become a better, more informed consumer of health care and to encourage healthy lifestyles.

According to the National Centers for Disease Control research, 50% of our health care costs are attributable to basic unhealthy behaviors. For example, if all of us exercised regularly, maintained an ideal weight, avoided tobacco products, used alcohol in moderation and drove safely, our (your) health costs would drop dramatically. The Surgeon General of the United States released a report, Health Promotion and Disease Prevention, stating "You, the individual, can do more for your own health and well being than any doctor, any hospital, any drugs, any exotic medical devices." The report went on to explain the many ways healthy lifestyles impact health costs.

We have decided the time has come for us to be more serious and aggressive regarding health promotion. We are happy to announce that effective January 1, 2003, we will offer a "healthy lifestyle" reward to all employees who qualify. During 2003 your monthly premium contribution will be reduced by $15 for single coverage ($180/year savings) and $30 for family coverage ($360/year savings). If you qualify, please sign and return the attached certification form to Human Resources by December 10.

This program is entirely voluntary. It is designed not only to reward those currently qualifying, but also to help motivate and encourage those currently ineligible to begin working on lifestyle improvements. In the near future, maybe you'll also qualify. More importantly, you'll enjoy a healthier, happier and longer life. We intend to help all employees achieve their goals with continual wellness articles, advice and programs throughout the year. But remember: we are empowering YOU to be a successful participant and lower your future health costs.

If you have any questions or comments, please contact _____.

Sincerely,

1251 First Avenue • Chippewa Falls, WI 54729-1408 • (715) 723-1871
Office Fax: (715) 720-4247 • Factory Fax: (715) 720-4246
www.bamason.com

MASON® SHOE
Comfort Footwear

HEALTHY LIFESTYLE INSURANCE PREMIUM CREDIT CERTICATION

The undersigned employee hereby certifies that the employee and any family member who has coverage under Mason Shoe's Health Insurance Plan:

1. Has not used any tobacco product in the previous twelve (12) months
2. Doesn't have a conviction for OWI or a positive drug test in the previous (5) years
3. Is at a weight range, according to chart on the reverse side, with a Body Mass Index of less than 30
4. Exercises 3 times per week at least 20 minutes per session
5. Always wears a seat belt

If I certify to the above, I understand I will receive a (20) percent credit on my share of the health insurance premium. This credit will be in effect for 12 months from January 1, 2003 or until any of the above conditions are violated.

I also understand that if I make a false certification, all premium credits that I had received, will be immediately voided and will be subject to repayment.

_____
Print Name

_____ _____
Employee Signature Date

If it is unreasonably difficult for you to achieve the standards for the reward under this program due to a medical condition, or if it is medically inadvisable for you to attempt to achieve the standards for the reward under this program, call the Human Resources Department at (insert telephone number) and we will work with you to develop another way to qualify for this reward.

1251 First Avenue • Chippewa Falls, WI 54774 • (715) 723-1871
Office Fax: (715) 720-4247 • Factory Fax: (715) 720-4246

Body Mass Index Risk Levels

American Heart Association.

Fighting Heart Disease and Stroke

Height	Minimal risk (BMI under 25)	Moderate risk (BMI 25-29.9) Overweight	High risk (BMI 30 and above) Obese
4'10"	118 lbs. or less	119-142 lbs.	143 lbs. or more
4'11"	123 or less	124-147	148 or more
5'0	127 or less	128-152	153 or more
5'1"	131 or less	132-157	158 or more
5'2'	135 or less	136-163	164 or more
5'3"	140 or less	141-168	169 or more
5'4"	144 or less	145-173	174 or more
5'5"	149 or less	150-179	180 or more
5'6"	154 or less	155-185	186 or more
5'7"	158 or less	159-190	191 or more
5'8"	163 or less	164-196	197 or more
5'9"	168 or less	169-202	203 or more
5'10"	173 or less	174-208	209 or more
5'11"	178 or less	179-214	215 or more
6'0"	183 or less	184-220	221 or more
6'1"	188 or less	189-226	227 or more
6'2"	193 or less	194-232	233 or more
6'3"	199 or less	200-239	240 or more
6'4"	204 or less	205-245	246 or more

To calculate your exact BMI number, multiply your weight in pounds by 705, divide by your height in inches, then divide again by your height in inches. (Adapted from Obesity Education Initiative: Clinical Guidelines on the Identification, Evaluation, and Treatment of Overweight and Obesity in Adults, National Institutes of Health, National Heart, Lung, and Blood Institute, Preprint June 1998)